



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 5/30/2002

GAIN Report #CA2064

Canada

Solid Wood Products

Canadian Forestry Sector Receives Investment of C\$75 Million 2002

Approved by:

Norval E. Francis, Jr.

U.S. Embassy

Prepared by:

Matthew A. Cahoon

Report Highlights:

Natural Resources Canada Minister Herb Dhaliwal announced an investment of almost C\$75 million to support several initiatives to help ensure that Canada's forest industry remains prosperous and competitive. These programs are intended to secure the industry's position in the global market. The funding will target new and existing export markets for wood products, and provide for increased research and development (R&D) that will support innovation in the forest-products sector. The funding is allocated as follows: (1) \$29.7 million for the Canada Wood Export Program (CWEP); (2) \$30 million to support research and development activities; and (3) \$15 million for the Value-Added Research Initiative for Wood Products.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Ottawa [CA1], CA

CANADA'S FOREST INDUSTRY TO GET C\$75 MILLION IN ASSISTANCE

Natural Resources Canada (NRCan) Minister Herb Dhaliwal on May 16 announced an investment of almost C\$75 million to support several initiatives that will help ensure that Canada's forest industry remains prosperous and competitive. These programs are intended to secure the industry's position in the global market.

The funding will target new and existing export markets for wood products, and provide for increased research and development (R&D) that will support innovation in the forest-products sector.

"Canada's forest-products sector is a key contributor to our national and regional economies, and these initiatives offer strategic instruments in the sector's longer-term competitiveness," said Minister Dhaliwal. "They will help us achieve our goals of diversifying our markets and branding Canada worldwide as a preferred source for top-quality and innovative forest products."

"Today the Government of Canada is addressing long-term support for the industry," continued Minister Dhaliwal. "But we are also working with the provinces to determine the shorter-term impacts of the U.S. ruling on the workers, communities and companies."

Minister Dhaliwal noted that his department is considering a number of options, along with the Department of Foreign Affairs and International Trade, Industry Canada and Human Resources Development Canada.

NRCan has worked closely with representatives of the forest-products industry, provinces and research organizations to develop these initiatives. The funding is allocated as follows:

- \$29.7 million for the Canada Wood Export Program (CWEP);
- \$30 million to support research and development activities; and
- \$15 million for the Value-Added Research Initiative for Wood Products.

CWEP is an initiative with wood-industry associations across the country to expand Canada's offshore markets. In addition to Japan, which has been a key Canadian export market for more than 20 years, countries such as China, Taiwan, Korea and India, in particular, present substantial new opportunities for the forest-products industry. The initiative will promote Canadian wood products and work to increase the use of wood in new markets. The Canada-China Wood Products Initiative, announced in March this year, was the initial installment of the program. Efforts in other markets will expand considerably as a result of CWEP funding.

Canada's three national forest research institutes — Forintek Canada Corp., the Forest Engineering Research Institute of Canada and the Pulp and Paper Research Institute of Canada — will use the R&D funding to work on activities that will strengthen Canada's competitive position in the world

market. These three institutes are major centers of forest-products research in Canada and key engines of innovation.

The Value-Added Research Initiative for Wood Products will support fundamental and applied research conducted through Forintek and the universities of British Columbia, Laval and New Brunswick. The research will focus on improving processes for producing products from lumber, such as hardwood flooring, molding and trim. This subsector consists mainly of small- and medium-sized enterprises.

Comments:

In order to prevent additional challenges alleging subsidization of the Canadian forestry sector, the Canadian government is providing this funding as an indirect investment rather than direct assistance to communities and companies affected by the softwood lumber duties recently imposed by the U.S. International Trade Commission.

Find Us on the World Wide Web:

Visit our headquarter's home page at <http://www.fas.usda.gov> for a complete listing of FAS' worldwide agricultural reporting.

Related FAS/Ottawa reports:

Report Number	Title of Report	Date
CA2054	Pettigrew Dismayed at Lumber Decision	5/02/2002
CA2052	New British Columbia Forest Code Will Focus on Results	5/02/2002
CA2035	B.C. Ministry of Forests Funds Education and Market Development	4/11/2002
CA2031	Canada Launches NAFTA Challenge Following U.S. Final Determination on Softwood Lumber	3/25/2002
CA2029	Forest Industry Profitability Declines Significantly in 2001	3/21/2002
CA2022	Canada Launches WTO Challenge of U.S. Softwood Lumber Anti-Dumping Action	3/09/2002
CA2019	Canada to Use NAFTA to Challenge Pending U.S. Lumber Decision	3/01/2002

CA2012	Canada Asks WTO to Appoint Lumber Dispute Panelists	2/01/2002
CA2009	Trade Surplus Up, but Canadian Agriculture and Forestry Exports Lower	1/24/2002
CA1172	Solid Wood Products Annual Report 2001	12/06/2001

Contact FAS/Ottawa by e-mail: info@usda-canada.com